

BATS BYX EXCHANGE, INC.
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20150466966-02

TO: Bats BYX Exchange, Inc.
c/o Department of Market Regulation
Financial Industry Regulatory Authority ("FINRA")

RE: Essex Radez LLC, Respondent
Broker-Dealer
CRD No. 34649

Pursuant to Rule 8.3 of the Rules of Bats BYX Exchange, Inc. ("BYX"), Essex Radez LLC (the "firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, BYX will not bring any future actions against the firm alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. The firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of BYX, or to which BYX is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by BYX

BACKGROUND

The firm has been a member of BYX since October 1, 2010, and its registration remains in effect. The firm has no relevant disciplinary history.

SUMMARY

In connection with Matter No. 20150466966, the Order Audit Trail System ("OATS") team of FINRA's Department of Market Regulation, on behalf of BYX and several other equity exchanges, reviewed, among other things, trade activity at the firm during the period between May 23, 2013 and October 15, 2013 (the "review period").

FACTS AND VIOLATIVE CONDUCT

1. During the review period, the firm submitted inaccurate information to BYX on approximately 10,823 instances by entering "Principal" orders as "Agency" orders; this represented 100% of the firm's orders entered into BYX under a certain firm Market Participant Identifier ("MPID") during the review period. The foregoing conduct constituted separate and distinct violations of BYX Rules 11.21, 3.1 and 3.2.
 2. During the review period, the firm's supervisory system and written supervisory procedures ("WSPs") did not provide for supervision reasonably designed to ensure compliance with certain applicable securities laws and regulations, BYX rules and federal rules and regulations, including with respect to submission of accurate capacity codes on orders submitted to BYX. The foregoing conduct violated BYX Rules 5.1, 3.1 and 3.2.
- B. The firm also consents to the imposition of the following sanctions:
- A censure, a fine of \$5,000, and an undertaking to revise the firm's WSPs with respect to the areas described in paragraph I.A.2. Within 30 business days of acceptance of this AWC by BYX, a registered principal of the firm shall submit to the COMPLIANCE ASSISTANT, LEGAL SECTION, MARKET REGULATION DEPARTMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed dated letter, or an e-mail from a work-related account of the registered principal to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its WSPs to address the deficiencies described in paragraph I.A.2; and (3) the date the revised procedures were implemented.

The firm agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The firm specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by BYX.

II.

WAIVER OF PROCEDURAL RIGHTS

The firm specifically and voluntarily waives the following rights granted under BYX Rules:

- A. To have a Statement of Charges issued specifying the allegations against the firm;
- B. To be notified of the Statement of Charges and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a Hearing Panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the Appeals Committee of the BYX's Board of Directors and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the firm specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Regulatory Officer ("CRO"), in connection with her participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of BYX Rule 8.16, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

The firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the CRO, pursuant to BYX Rule 8.3;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the firm; and

C. If accepted:

1. This AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by BYX or any other regulator against the firm;
2. This AWC will be published on a website maintained by BYX in accordance with BYX Rule 8.11, *Interpretations and Policies .01*. In addition, this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the firm's disciplinary record; and
3. The firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The firm may not take any position in any proceeding brought by or on behalf of BYX, or to which BYX is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which BYX is not a party.

- D. The firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by BYX, nor does it reflect the views of BYX or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

6/16/2016
Date

Essex Radez LLC

Respondent

By: Stephen A. Radez

Name: STEPHEN A. RADEZ

Title: MANAGING MEMBER

Reviewed by:

[Signature]
Counsel for Respondent
Gregory R. Rich, Esq.
Principal
REGTEC LLC
141 W. Jackson Boulevard
Suite 2285
Chicago, IL 60604

6-15-16
Date

Tamara Schademann
Tamara Schademann 6/27/16
Executive Vice President, Chief Regulatory Officer
Bats Global Markets, Inc.

ELECTION OF PAYMENT FORM

The firm intends to pay the fine proposed in the attached Letter of Acceptance, Waiver and Consent by the following method (check one):

- ☒ A firm check or bank check for the full amount; or
- ☐ Wire transfer.

Respectfully submitted,

6/27/2016
Date

Respondent
Essex Radez LLC

By: Stephen Radez

Name: Stephen Radez

Title Managing Member